



August 26, 1996

Todd F. Silbergeld
Director-
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AUG 26 1996

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Ex Parte

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street N.W., Room 222
Washington, D.C. 20554

Re: **Southwestern Bell Telephone Company's Comparably Efficient
Interconnection Plan for the Provision of Security Service, CC
Docket Nos. 85-229, 90-623 and 95-20 /**

Dear Mr. Caton:

On April 4, 1996, pursuant to current Commission policy, Southwestern Bell Telephone Company (SWBT) filed a Comparably Efficient Interconnection (CEI) Plan to offer Security Service.¹ SWBT hereby requests that the attached letters to the Commission from U S WEST, Inc. be incorporated into and considered as part of the record in this proceeding.²

On May 9 and May 16, 1996, U S WEST responded to FCC staff's inquiries about U S WEST's involvement in the provision of "alarm monitoring" or alarm-related services.³ In the letters, U S WEST describes its existing alarm-related service offerings and contends that the services constitute "alarm monitoring services" as defined in the Telecommunications Act of 1996 (1996 Act).⁴

With respect to its CEI Plan for Security Service, SWBT maintains that, under the Commission's current Computer III regime and as acknowledged by the Common

1 Southwestern Bell Telephone Company's Comparably Efficient Interconnection Plan for the Provision of Security Service, CC Docket Nos. 85-229, 90-623 and 95-20 (filed Apr. 4, 1996) ("SWBT CEI Plan").

2 See 47 C.F.R. § 1.1206(a)(1) (1995).

3 See, e.g., Letter from Elridge A. Stafford, Executive Director-Federal Regulatory, U S WEST, Inc. to Rose Crellin, Policy and Program Planning Division, Common Carrier Bureau, FCC at 1 (May 9, 1996) ("May 9 Letter").

4 47 U.S.C. § 275(e) (1996).

Carrier Bureau in the Bell Atlantic CEI Internet Order,⁵ the Bureau should limit its consideration of SWBT's CEI Plan for Security Service to the question of whether SWBT's Plan adequately satisfies the CEI requirements and applicable non-structural safeguards. Notwithstanding this position, SWBT argues that its proposed sales and marketing activities on behalf of an unaffiliated alarm monitoring company and installation of alarm detection customer premises equipment (CPE) clearly do not fall within the definition of "alarm monitoring services" as defined by the 1996 Act. Furthermore, as demonstrated below, the attached U S WEST letters concerning its alarm related offerings completely support SWBT's position.

Presently, U S WEST Communications, Inc. (USWC) offers two "telecommunications transport services" to alarm monitoring companies that provide alarm monitoring services to end user customers.⁶ USWC states that the services "facilitate specialized telecommunications between the security equipment located on the premises of the patron of the alarm monitoring company and the alarm monitoring company's surveillance center."⁷ U S WEST contends that these services are "alarm monitoring services" because USWC receives signals from CPE located at a customer's premises regarding a possible threat at the premises and "processes those signals utilizing its scanning equipment and messaging switch and transmits the information" to the alarm monitoring company.⁸ U S WEST concludes that, based upon the alarm monitoring functions performed by scanning and message switching equipment located in USWC's central offices, USWC is engaged in the provision of alarm monitoring services as defined by section 275(e) of the 1996 Act.

SWBT proposes to engage in three entirely different activities than USWC. SWBT proposes to install and maintain CPE, to offer billing and collection services to an unaffiliated alarm monitoring service provider, and to act as a sales

5 Bell Atlantic Telephone Companies' Offer of Comparably Efficient Interconnection to Providers of Internet Access Services, CCBPol 96-09, DA 96-891 at para. 47 (rel. June 6, 1996) ("Bell Atlantic CEI Internet Order").

6 May 9 Letter at 1.

7 Id. (emphasis added).

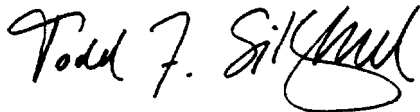
8 Letter from Dan L. Poole, Corporate Counsel, U S WEST, Inc. to Lisa Sockett, Esq., Policy and Program Planning Division, Common Carrier Bureau, FCC at 3 (May 16, 1996) (emphasis added) ("May 16 Letter").

Mr. William F. Caton
August 26, 1996
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agent for the unaffiliated alarm monitoring service provider.⁹ In contrast to USWC, SWBT will not install nor deploy any specialized alarm scanning equipment or a messaging switch in its central offices. SWBT will, however, market and sell, on behalf of an unaffiliated alarm monitoring service provider, alarm monitoring services that will be provided by the unaffiliated alarm monitoring company. The unaffiliated alarm monitoring company's customer will typically use a regular exchange access line (or otherwise a dedicated private line) to transmit the occurrence of a possible threat to the alarm monitoring company. Thus, the services offered by USWC and the proposed CPE installation and maintenance, billing and collection services, and sales and marketing on behalf of an unaffiliated alarm monitoring company are clearly distinguishable.

Based on the foregoing and the complete record accumulated in connection with SWBT's CEI Plan, we encourage the Bureau to approve the CEI plan as soon as possible. Should you have any questions concerning the above information, do not hesitate to contact me.

Very truly yours,



Todd F. Silbergeld

Attachments

cc: Ms. Carol Matthey
Ms. Claudia Pabo
Mr. Steven Teplitz
Mr. Danny Adams, Counsel for AICC

⁹ SWBT CEI Plan at 3-4; Ex Parte Letter from Todd F. Silbergeld, Director-Federal Regulatory, SBC Communications Inc. to William F. Caton, Acting Secretary, FCC, Attachment at 1 (July 18, 1996).

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CC Docket 96 152

USWEST

Bridge A. Stafford
Executive Director
Federal Regulatory

May 9, 1996

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JUL 29 1996

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

RE: Alarm monitoring Services

Dear Ms. Crellin:

This is in response to your request for information regarding U S WEST Communications (USWC) services relating to the alarm monitoring business. USWC provides telecommunications transport services to alarm monitoring companies who in turn provide alarm monitoring services to their customers or patrons. USWC's transport services facilitate specialized telecommunications between the security equipment located on the premises of the patron of the alarm monitoring company and the alarm monitoring company's surveillance center. USWC does not offer any alarm monitoring services directly to customers who wish to have their premises or environmental conditions monitored.

USWC offers two different transport products to alarm monitoring companies that permit them to monitor conditions on their patrons' premises via the patron's regular telephone line. These products are known generically in the alarm industry as derived local channel services. One product is marketed under the name Scan Alert™ Service. The other is known as Versanet® Service. Both Scan Alert™ and Versanet® are provided over the switched network and used by alarm monitoring companies to monitor the environment of residence and business locations for burglary, fire, or life safety events. Other possible uses include monitoring environmental conditions (e.g. greenhouses and retail freezers).

The Scan Alert™ Service requires the following components: a subscriber terminal unit (STU) on the alarm monitoring company patron's premises, which is provided by the alarm monitoring company; a scanner and a router located on USWC's premises, provided by USWC; and a terminal device located at the alarm monitoring company's surveillance center, provided by the alarm monitoring company. USWC connects the patron's premises to the scanner via a derived local channel on a standard basic exchange line (e.g., 1FB, 1FR, etc.). The scanner is connected to the router which is connected, via private line facilities to the terminal device located at the alarm monitoring company's surveillance site.

The overall arrangement operates in the following manner: The STU on the premise of the alarm monitoring company's patron transmits alarm status information to the USWC central office over the patrons regular telephone line by way of a low frequency tone. The scanner located in the USWC central office checks the presence of this tone

Ms. Rose Crellin
May 9, 1996
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and also polls the STU over the telephone line for the status of alarm sensors on the patron's premises. The absence of the low frequency tone or a change in alarm sensor status is forwarded via the router to the alarm monitoring company's terminal device. The alarm monitoring company then decides what action is appropriate.

Because there is no code or protocol conversion or other enhanced service involved in Scan Alert™, it is treated as a basic telecommunications service by USWC. Scan Alert™ is currently offered by USWC in the states of Arizona, Oregon, and Washington.

Versanet® requires the following components: a remote module located on the alarm monitoring company patron's premises, provided by the alarm monitoring company; a scanner located on USWC's premises, provided by USWC; and a terminal device located at the alarm monitoring company's surveillance center, provided by the alarm monitoring company. USWC connects the patron's remote module to the central office scanning device via a spread spectrum derived channel carried over a standard basic exchange line (e.g., 1FB, 1FR, etc.).

Versanet® operates in the following manner: The remote module sends alarm sensor status data to USWC's scanner over the patron's regular telephone line by way of a spread spectrum derived channel. The scanner demodulates the spread spectrum signal and converts it to Frequency Shift Key (FSK) modulation and ASCII code. The resulting data is then forwarded to the terminal device located at the alarm company. The alarm company interprets the data and determines what, if any, action to take. The scanner checks the alarm monitoring company patrons' lines every few seconds for the spread spectrum signal. If a loss of signal is recognized, the scanner sends a notification to the terminal at the alarm monitoring company's site, where appropriate action is taken.

Versanet® is treated as an enhanced service by USWC because it involves code and protocol conversion. Versanet® is offered pursuant waiver of the FCC rules¹. A description of Versanet® is found in U S WEST's Cost Allocation Manual in Section II Item E. Alarm Services. Versanet® is currently available in Arizona, Colorado, Idaho, Iowa, Minnesota, Nebraska, New Mexico, Utah, and Wyoming.

Please call me if you have any additional questions about these services.

Sincerely,



¹ See In the Matter of Applied Spectrum Technologies, Inc., Memorandum Opinion and Order, ENF No. 85-6, Released July 3, 1985, and In the Matter of The Mountain States Telephone and Telegraph Company, Memorandum Opinion and Order, AAD 6-1104, Released April 2, 1986.

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Dan L. Poole
Corporate Counsel

CC Docket 96-152

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JUL 29 1996

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

May 16, 1996

Ms. Lisa Sockett, Esq.
Policy and Program Planning Division
Federal Communications Commission
1919 M Street, NW, Room 544
Washington, DC 20554

DOCKET FILE COPY DUPLICATE

RE: Alarm monitoring services

Dear Ms. Sockett:

You have requested US WEST to provide its views on whether its present alarm monitoring services, Scan-Alert and Versanet, constitute alarm monitoring services under the Telecommunications Act of 1996 and Section 275 in particular. It is the position of US WEST that both of these services should be categorized as alarm monitoring services under this section.

As described in Elridge Stafford's May 9, 1996 letter to Rose Crellin, these services are provided by US WEST in several states today. Mr. Stafford's description of the services is accurate. I will briefly summarize the Scan Alert service description that is relevant to your question. For purposes of this analysis I have focused on the operation of Scan Alert; I do not believe the factual differences with Versanet (an enhanced service) and the use of spread spectrum technology and equipment effect the legal issues related to the definition of an alarm monitoring service.

Summary of the Facts

U S WEST Communications currently offers a tariffed intrastate service called Scan-Alert in Washington, Oregon, and Arizona. USWC offered Scan-Alert in these states prior to November 30, 1995. Versanet is offered pursuant to a waiver of the FCC rules and is currently available in Arizona, Colorado, Idaho, Iowa, Minnesota, Nebraska, New Mexico, Utah and Wyoming. Versanet was also offered in these states prior to November 30, 1995.

Scan-Alert is provided over the switched network. It is used by alarm monitoring companies to monitor the environment of residence and business locations for burglary, fire, or life safety events. Other uses include monitoring environmental conditions (greenhouses and retail freezers). USWC provides telecommunications transport service to alarm monitoring companies who resell the monitoring service to the end user (called a patron).

USWC connects the patron's premises to central office monitoring equipment (scanner) via a derived channel on a standard basic exchange line (e.g., 1FB, 1FR, etc.). The scanner connects with a USWC message switch that is frequently remotely located that performs a portion of the monitoring function. The alarm monitoring company is also connected to the scanner

through the USWC messaging switch. Currently, the alarm monitoring company is connected with the messaging switch via a private line facility.

The scanner polls the CPE (the subscriber's terminal unit) (STU) at the patron's premises to determine the status of the protected premises. If there is no response from the patron's STU or if the STU acknowledges an event at the patron's premises, the scanner transmits the information to the messaging switch and the data is then sent to the alarm monitoring company. The alarm monitoring company can then notify the patron of an event at the patron's premises. Current patrons are banks, jewelry stores, warehouses, grocery stores, shopping malls, homeowners, and other businesses.

Ordinarily, the monitoring service has been equipped over analog basic exchange lines (e.g., 1FB, 1FR, etc.). In some areas the patron's basic exchange facilities were not analog. In such cases USWC has been offering an "alarm only line" option. When analog facilities are used for the patron's basic exchange service, the Scan-Alert is provided over a derived channel on the analog facility which also permits the patron to use the basic exchange line to make or receive calls. With the "alarm only line" option, the line is only available for the monitoring service and the patron cannot use the line to make or receive calls. USWC is planning to no longer offer the "alarm only line" option because the service is being modified by the vendor to work on lines other than analog. The alarm company may choose to be billed for the US WEST portion of the monitoring service or may choose to have USWC directly bill the charges to the patron.

Competitive alarm monitoring companies operate whereby their scanning equipment is located at a place of the alarm company's choosing but not on USWC's premises. The alarm monitoring company has a number of alternatives to obtain transport between the patron's and its own premises. These alternatives include, but are not necessarily limited to, (1) the use of existing proprietary wireless technology, which is provided by a non-U S WEST entity and does not use the USWC public switched network but at times might involve the use of a USWC private line facility to connect an antenna site and the alarm company's premises; (2) the use of certain existing private line services, such as Dataphone Select-a-Station, D.C. (Direct Current) Channels, and McCulloh loops; and (3) Versanet Service, which uses a derived channel on the patron's basic exchange line if the facility is metallic (which is becoming more obsolete). The competitive provider does have another alternative which, like Scan-Alert, permits use of the patron's basic exchange line to perform the monitoring function but, unlike Scan-Alert, does not permit the patron to also use the line to make and receive calls.

Analysis

Section 275(e) of the Telecommunications Act of 1996 (the "Act") defines an alarm monitoring service:

The term alarm monitoring service means a service that uses a device located at a residence, place of business, or other fixed premises

- (1) to receive signals from other devices located at or about such premises regarding a possible threat at such premises to life, safety, or property, from burglary, fire vandalism, bodily injury, or other emergency, and
- (2) to transmit a signal regarding such threat by means of transmission facilities of a local exchange carrier or one of its affiliates to a remote monitoring center to alert a person at such center of the need to inform the customer or another person or police, fire, rescue, security, or public safety personnel of such threat,

but does not include a service that uses a medical monitoring device attached to an individual for the automatic surveillance of an ongoing medical condition (emphasis added).

Section 275(a) of the Act prohibits a Bell Operating Company from engaging in the provision of alarm monitoring services for a period of 5 years after the enactment of the Act, unless it was engaged in providing the service as of November 30, 1995. The Act also prohibits a Bell Operating Company from acquiring any equity interest in, or obtaining financial control, of any unaffiliated alarm monitoring service entity for 5 years. If a Bell Operating Company was engaged in providing alarm monitoring service as of November 30, 1995, the Act permits the BOC to exchange customers for the customers of an unaffiliated alarm monitoring company.

The Congressional history indicates that the purpose of this Section is two-fold:¹ It is designed to prohibit BOCs, who are not providing alarm monitoring services, from engaging in the provision of such services for 5 years and it is designed to prohibit BOCs who are in the business from growing their business by purchasing the assets or customer accounts of other alarm monitoring companies for 5 years.

Is Scan-Alert an alarm monitoring service as defined by the Act? USWC receives signals at a fixed location from CPE located at the patron's premises regarding a possible threat at the premises. USWC processes those signals utilizing its scanning equipment and messaging switch and transmits the information to alert a person (the alarm monitoring company personnel) of the need to inform the customer of such threat. This is the definition of an alarm monitoring service in the Act and Scan-Alert meets that definition. USWC was providing Scan-Alert as of November 30, 1995; therefore, it is not prohibited by the Act from offering this alarm monitoring service. USWC does not sell Scan-Alert directly to end user patrons. It sells the service to alarm

¹ Congressional Record at S889 (Feb. 1, 1996).

Ms. Lisa Sockett, Esq.

5/16/96

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monitoring companies who resell the service to patrons. The Act does not prohibit or limit USWC in doing so.

In the future USWC will offer Scan-Alert exclusively via a derived channel on the patron's existing basic exchange line (e.g., 1FB, 1FR, etc.) This allows the patron to continue to use the same line to make and receive calls as well as for monitoring purposes. Competitive alarm monitoring companies who utilize their own scanner and monitoring equipment can also use the patron's existing basic exchange line to receive signals from the patron's premises.

If you should have any questions about this opinion, please feel free to contact me.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Dan L. Poole", written in a cursive style.

Dan L. Poole

cc: Elridge Stafford